

MORGAN KEEGAN INFORMATION

FREQUENTLY ASKED QUESTIONS

Morgan Keegan's clients received a letter claiming that their personal financial information was compromised by the Alabama Securities Commission. The Commission has received numerous calls as a result of this letter. The Commission has conducted a thorough investigation and has released an investigative report, which is available on the Commission's website. Here are answers to the most frequently asked questions raised by the callers.

1. Is my personal information out in the general public?

Answer: **No.** All confidential information such as account numbers, names, and tax numbers of Morgan Keegan account holders were never disseminated to the general public.

2. Why was the Alabama Securities Commission in possession of my personal information?

Answer: A thirteen state task force comprising of Alabama, Mississippi, Kentucky, Texas, Illinois, Missouri, Florida, North Carolina, South Carolina, Georgia, Tennessee, Arkansas, and Louisiana began an investigation to find out if Morgan Keegan misrepresented to its clients the make-up of the Regions Morgan Keegan (RMK) Bond Funds; if it misrepresented to its clients what the funds actually contained; if it misrepresented to clients the funds' performances, and if Morgan Keegan did not properly supervise its employees to make sure that the sales to the investors were suitable for the investors. Because of this investigation, the Alabama Securities Commission, in conjunction with the states of Mississippi, South Carolina, and Kentucky filed an administrative action to revoke the licenses of Morgan Keegan, its affiliate, and certain employees. The action alleges that because of the fraudulent conduct, investors lost between one and two billion dollars. In the course of this investigation of Morgan Keegan, the states obtained from Morgan Keegan account information about the investors in these bond funds to determine the extent of those losses. You may view the Alabama Securities Commission action against Morgan Keegan at www.asc.alabama.gov.¹

3. What happened to this personal information?

¹ Kentucky's Administrative Action is found at: www.kfi.ky.gov
Mississippi's Administrative Action is found at: www.sos.ms.gov
South Carolina's Administrative Action is found at: www.scattorneygeneral.org

Answer: First, we have determined that there was **no public release of confidential information and that the copied disc was returned without any loss of information**. On April 7, 2010, the administrative action was posted on the Alabama Securities Commission website and linked to it were exhibits to support the action. The Commission always posts its orders on its website. **No personal confidential information was posted on the website.** In the Commission offices, two discs of the material were made, one disc containing the complaint and *redacted* exhibits (confidential information was removed from the exhibits), the other disc was the *non-redacted* exhibits. The non-redacted disc was placed in the Alabama Securities Commission file room and was inadvertently copied by one of the Commission's secretaries. No personal information was ever released to the public, and the disc was only released to one law firm who did not use or keep the personal information and who later returned the disc to the Commission. **Your personal information was never used.**

4. How did my personal information get released to an employee of attorney Andrew Campbell's law firm?

Answer: After the posting of the complaint and redacted exhibits, attorneys representing clients of Morgan Keegan who lost money in the RMK Bond Funds called to obtain copies of these exhibits because they could not open all the exhibits from the website. The law office of Leitman, Siegal, Payne and Campbell, PC, who represents several investors against Morgan Keegan regarding the RMK Funds, was unable to access all of the posted exhibits. On April 14, 2010, a legal assistant of Andrew Campbell called the main number of the Alabama Securities Commission to obtain copies of the exhibits that were shown on the website. The call was forwarded to a secretary with the Commission. This secretary obtained the disc in the file room, copied it, and sent it to Mr. Campbell's office on April 15, 2010. This staff member copied the wrong disc and sent the disc with the confidential information. The secretary was unaware that this disc contained any confidential information.

5. Did any person other than the Task Force Members, the law office of Leitman, Siegal, Payne and Campbell, PC, or attorneys for Morgan Keegan see my personal confidential information?

Answer: No. None of your personal confidential information was disseminated to anyone else.

6. Where is the disc now?

Answer: The disc was returned to the Alabama Securities Commission where it is secured, properly marked, with stringent safeguards in place to prevent any similar incident.

7. Did Mr. Andrew Campbell use his position as an appointed Commissioner to the Alabama Securities Commission to obtain this confidential information?

Answer: No. Neither Mr. Campbell nor anyone on his staff ever requested confidential information. Mr. Campbell never requested this information and has stated in an affidavit that he did not know the information was on the disc, that he never saw the information and that he never used the information.

8. Does the fact that Mr. Campbell as an attorney representing investors against Morgan Keegan and sitting as a Commissioner on the Alabama Securities Commission create a conflict of interest?

Answer: A conflict of interest arises when a Commissioner has a position that is in opposition to the Commission. For example, if the Commission were to bring charges against a firm or individual, a Commissioner could not defend that firm or individual against the Commission's charges. In this case, Mr. Campbell represents clients who claim that Morgan Keegan defrauded them in their RMK Bond Fund investments; the Commission is bringing an action to revoke the licenses of Morgan Keegan and others for the same alleged conduct. Therefore, the Commission does not believe that a conflict exists. However, our investigative report will be submitted to the Alabama Ethics Commission, the Alabama Attorney General's Office, and the Alabama State Bar for their respective comment.